

Date of Hearing: January 13, 2026

ASSEMBLY COMMITTEE ON JUDICIARY

Ash Kalra, Chair

AB 1157 (Kalra) – As Amended March 27, 2025

SUBJECT: TENANCY: JUST CAUSE TERMINATION: RENT INCREASES

KEY ISSUE: SHOULD THE TENANT PROTECTION ACT OF 2019 BE AMENDED TO LOWER THE ALLOWABLE RENTAL INCREASE TO NO MORE THAN 5% PER YEAR, ELIMINATE THE EXEMPTION FOR SINGLE-FAMILY HOUSING, AND REMOVE THE SUNSET DATE?

SYNOPSIS

Six years ago, to address the state's "housing affordability crisis," the Legislature enacted the Tenant Protection Act (TPA) of 2019. The TPA became effective January 1, 2020, and included a sunset date of January 1, 2030. The TPA had two key provisions: (1) a cap on the rate of annual rent increases and (2) a prohibition on evictions without "just cause." Under the first provision, rent cannot be increased by an annual rate of more than 5% plus the annual increase in the consumer price index (CPI), or 10%, whichever is lower. Under the second provision, if a tenant has continuously occupied the rental unit for 12 months, the landlord cannot terminate the tenancy without just cause. Under prior law, a landlord could terminate a month-to-month tenancy for any reason so long as proper notice was provided. Under TPA, the landlord can only terminate the tenancy if the tenant violates the lease (an "at fault" just cause) or to allow the landlord to have a family member to move in, to make substantial repairs, or to take the property off the market ("no fault" just cause). The rent cap and just-cause provisions were closely related, because without the just cause provision, a landlord could evict a tenant and raise the rent on the new tenancy. The TPA exempted properties built in the last 15 years, single-family homes owned by natural persons, and owner-occupied homes, among others.

This bill proposes three substantial amendments to the TPA. First, it would lower the rent cap from 5% plus CPI, not to exceed 10%, to 2% plus CPI, not to exceed 5%. In short, it cuts the maximum cap in half. Second, the bill would remove the exemption for single-family homes, thus making them subject to the rent cap and the just cause provision. Third, the bill would eliminate the January 1, 2030, sunset date, thereby making the TPA permanent.

The bill passed out of the Assembly Housing Committee last year on a 7-5 vote. The bill is supported by dozens of tenant rights, affordable housing, labor, and legal aid groups, among others. The bill is opposed by the California Chamber of Commerce, the California Mortgage Bankers Association, the California Apartment Association, and about twenty other associations representing rental property owners.

SUMMARY: Amends the Tenant Protection Act (TPA) to lower the allowable annual increase to 5%, as specified, eliminates the exemption for single-family housing, and removes the sunset date. Specifically, **this bill:**

- 1) Prohibits the owner of residential real property from, over the course of any 12-month period, increasing the gross rental rate for a dwelling or a unit more than two percent plus the percentage change in the cost of living, or five percent, whichever is lower, of the lowest

gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase.

- 2) Eliminates the existing exemption in the TPA for real property that is alienable separate from the title of any other dwelling owned by a natural person.
- 3) Deletes the January 1, 2030, sunset date, thereby extending the provisions of the TPA indefinitely.

EXISTING LAW:

- 1) Provides, notwithstanding any other law, that if a tenant has continuously and lawfully occupied a residential real property for 12 months, the owner of the residential real property shall not terminate a tenancy without just cause, as defined, which shall be stated in the written notice to terminate tenancy. (Civil Code Section 1946.2. All further references are to this code unless otherwise noted.)
- 2) Prohibits a landlord, over the course of any 12-month period, from increasing the gross rental rate for a dwelling or a unit more than five percent plus the percentage change in the cost of living, or 10 percent, whichever is lower, of the lowest gross rental rate charged for that dwelling or unit at any time during the 12 months prior to the effective date of the increase. (Section 1947.12.)
- 3) Exempts from the above provisions a residential property, including a mobilehome that is alienable separate from the title of any other dwelling unit, unless the owner is a real estate investment trust, a corporation, a limited liability company, or the manager of a mobilehome park. (Section 1946.2 (e)(8) and Section 1947.12 (d)(5).)
- 4) Repeals the above provisions on January 1, 2030. (Section 1946.2 (n) and Section 1947.12 (o).)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: The author explains the need for this bill as follows:

California is in a housing affordability crisis, resulting from decades of neglect in our housing supply. Tenants make up about 44% of the state's population, making California the second largest state for renters in the country. People across the state are struggling to keep up with the increasing cost of rent and are being forced to choose between paying their rent and other basic needs. The Tenant Protection Act of 2019 was signed into law before the pandemic occurred, and even before the global crisis, tenants were rent-burdened, where households were paying anywhere from 30-50% of their hard-earned income towards rent. The cost of rent keeps going up, and wages are not able to keep up, making it harder for families to stay in their homes. The reality of these conditions that renters are dealing with is saddening, and we cannot turn a blind eye to the struggles these families are facing. Housing impacts everyone, and California must take immediate action to help keep people in their homes while we continue to build housing.

While the state marked a historic first step with the Tenant Protection Act of 2019, the annual rent increase cap is still too high, and a portion of tenants are excluded from tenant protections. AB 1157 will stabilize rent by lowering the annual rent increase cap to help bring relief for California renters and prevent them from being pushed into homelessness. In addition, families renting single-family homes will be afforded the same protections as other renters. These changes could mean the difference between stability and homelessness for many families. AB 1157 will bring immediate action while the state continues to build affordable housing and protect the housing stock. Housing is a human right, and every Californian should be afforded safe, stable, and affordable housing.

The Tenant Protection Act of 2019. Six years ago, to address the state's housing affordability crisis, the Legislature enacted the Tenant Protection Act (TPA) of 2019. The TPA had two key provisions: (1) a cap on the rate of annual rent increases and (2) a prohibition on evictions without "just cause." Under the first provision, rent cannot be increased each year by more than 5% plus the annual increase in the consumer price index (CPI), or 10%, whichever is lower. Under the second provision, if a tenant has continuously occupied the rental unit for 12 months, the landlord cannot terminate the tenancy without just cause. Pursuant to the prior law, a landlord could terminate a month-to-month tenancy for any reason so long as proper notice was provided. Under TPA, the landlord may only terminate the tenancy if the tenant violated the lease (an "at fault" just cause eviction) or to allow a family member to move into the property, to make substantial repairs, or to take the property off the market (a "no fault" just cause eviction). The rent cap and just-cause provisions are integrally related. Because the rent cap only applies to the existing tenancy, a landlord could raise the rent by evicting a tenant and then raising the rent on the new tenancy.

The TPA exempted properties built in the last 15 years, single-family homes owned by natural persons, and owner-occupied homes, among others.

This bill proposes three substantial amendments to the TPA. First, it will lower the rent cap from the existing 5% plus CPI, not to exceed 10%, to 2% plus CPI, not to exceed 5%. In short, it cuts the maximum cap in half. Second, the bill would take away the exemption for single-family homes, thus making them subject to the rent cap and the just cause provision. Third, the bill would eliminate the January 1, 2030, sunset date, thereby making the TPA permanent.

California's affordable rental housing problem. Although the proponents and opponents of this bill disagree mightily as to what causes California's high rents, as well as what should be done to lower them, both sides agree that rents are far too high. Not only is the median rent in California more than 30% higher than the national average, more than half of the renters in the state qualify as "rent burdened," meaning more than 30% of their income goes to rent. Over a quarter of the tenants in California qualify as "severely rent-burdened," meaning that they spend over 50% of their income on rent. Unfortunately, the state does not collect or analyze data on trends in the price of rent, so it is difficult to say with certainty whether this problem is getting better or getting worse. Rents did indeed skyrocket during and after the COVID pandemic, though recent estimates by private entities like Zillow suggest that the *rate* of rental increase has started to level off in the last few years. However, aggregate statistics are not very useful given the wide variation in rental rates across the state. Moreover, even if rates are leveling off, they are leveling off from historic highs during the pandemic. Moreover, a lower *rate of increase* still means an increase in the amount of the rent.

Existing TPA as an anti-gouging measure rather than meaningful rent control. As noted, TPA permits annual rental increases of 5% plus CPI, not to exceed 10%. Although CPI varies by region within the state, in most places it has been below 5% in recent years; this means that in most places in the state permissible rent increases have been less than 10%. According to a report by Cal Matters, the TPA formula for 2024-2025 would allow projected increases of 8.8% in the San Francisco Bay Area counties, 8.9% in Los Angeles County, and 9.3% in San Bernardino County. (Rent Drives up California's Cost of Living, *Cal Matters*, August 2, 2024.)

Notably, while within the legal limits, rent increases of nine or ten percent per year are still quite significant. As noted in the committee analysis of AB 1482, which created TPA, a rent cap of 5% plus CPI is, on average, “100% higher than the actual median annual rent increase in our state’s largest regions.” What TPA did as initially enacted, therefore, prevented rent gouging, or sudden rent spikes. TPA did not, however, prevent substantial rent increases that still go far beyond inflation and reasonable returns on investment. For example, considering compounded increases, a rent of \$2,000 per month could increase to \$3,221 in just five years under the existing TPA.

When looking at rental markets across the state, the existing TPA is also more generous to landlords than most local rent control laws, which typically limit increases to the CPI or an amount very close to it. For example, the City of Los Angeles recently amended its Rent Stabilization Ordinance (RSO) to reduce the maximum allowable annual rent increase to 4% for regulated units, lower than the new maximum rate proposed by this bill. The Los Angeles RSO does not apply to single-family homes or most multiunit properties constructed after 1978. Despite these limitations, according to the Los Angeles Housing Department, the RSO will cover about 650,000 units in 118,000 properties. (<https://housing.lacity.gov/residents/what-is-covered-under-the-rso>.)

Thus, while the TPA has prevented rent spikes, it does not – according to the proponents of the present bill – constitute a strict rent control. ***This bill***, however, would cut the maximum permissible annual rent increase in half, from 10% to 5%, and bring the rent cap closer to (though still 2% higher than) the rate of inflation. This proposed rate is also much closer to aligning with most of local rent control laws, despite being slightly higher than the RSO in the state’s largest city. This bill would not displace more protective local ordinances, but it would provide comparable relief to tenants in those parts of the state that have no, or less protective, rent control laws.

Removing the single-family home exemption. The TPA of 2019 exempted certain types of rental housing from the Act’s provisions. For example, TPA’s rent cap does not apply to any residential real property “that is alienable separate from the title to any other dwelling unit,” provided that the residential property is not owned by a real estate investment trust, a corporation, or a limited liability company. That is an awkward way of saying that TPA does not apply to a single-family home that is owned by a natural person. The apparent rationale for this exemption was to protect the so-called “mom and pop” landlords who own a rental property as an investment or for supplemental form of income but who are not otherwise engaged in the business of renting property. ***This bill*** would delete the single-family housing exemption from TPA, both from the just cause eviction requirements as well as the rent cap provisions.

If the proponents and opponents of this measure agree on nothing else, they agree that the single-family home exemption affects a substantial part of the rental housing market. The co-sponsors, for example, contend that this “arbitrary loophole [leaves] nearly two million renter households

unprotected.” The opponents of the bill, on the other hand, point out that nearly “40 percent of rental housing stock in California consists of single-family rental homes, individually owned rented condominiums, and duplexes. Imposing rent control on these properties will push many owners to exit the market, converting rentals into owner-occupied homes and displacing tenants.”

Due to the lack of meaningful statewide rental market data, no one can know for sure what effect the removal of the single-family home exemption will have on the rental market, but presumably it will be significant given that such units constitute a large part of the rental market. Contrary to the claims of the opponents, it is not at all clear that small landlords will take property off the market if this bill becomes law. After all, an annual increase of 5% would still provide for a meaningful return on investment. Even if the small landlord decides to get out of the rental property business because of this bill, it is not as though the house will go empty. Presumably the landlord discouraged by this bill would sell the home. If a buyer purchases the home as an investment property, it will stay on the rental market. If the buyer purchases the home as a primary residence, that may mean one less tenant competing with other tenants in the rental market. Nonetheless, one cannot know if this bill will cause small landlords to take property off the market, or if they will simply take the opportunity to raise the rent by the maximum amount every year. If they did, this could drive-up rents over the long run. In any event, because the state does not collect data on rental pricing trends, honesty requires acknowledging that we do not know what the actual impact of this bill will be.

Removing the sunset. Another point of contention between proponents and opponents of this bill concerns the need for removing the sunset. The co-sponsors claim that removing the 2030 sunset is necessary because TPA’s protections will be “no less necessary in 2031 and beyond.” The co-sponsors also contend that the “uncertainty created by the looming expiration date undermines long-term housing stability . . . Making the law permanent now only affirms California’s commitment to tenant protection and housing stability.”

Not surprisingly, the opposition has a different take on removing the sunset. They argue that not only did AB 1482 strike a “careful balance” between the interest of tenants and landlords, but that it was also “intended as a temporary, 10-year measure, allowing time for the Legislature to focus on enacting long-term, pro-housing policies.” Opponents ask why, “just five years later,” would the Legislature remove the sunset, rather than allowing the ten-year period to run its course and providing more time to assess TPA’s effect.

ARGUMENTS IN SUPPORT: This bill is co-sponsored by Housing Now, ACCE Action, Pico California, Public Advocates, and Unite Here! Local 11. These co-sponsors write in support:

When the Tenant Protection Act of 2019 passed, the proponents heralded it as real progress, but vowed to keep working to improve it, as the negotiated bill was insufficiently protective to prevent rising displacement and homelessness. In the midst of an ongoing housing affordability and homelessness crisis, AB 1157 is a critical and timely step toward ensuring housing stability for millions of renters across the state—particularly lower income households and communities of color who are disproportionately impacted by rising housing costs.

The Tenant Protection Act of 2019 was an important step, but its rent cap formula—allowing annual increases of CPI plus 5% (up to a maximum of 10%)—has proven inadequate. Consecutive rent hikes at this level are unsustainable for working families

and serve only to deepen the housing insecurity already felt by so many. In practice, the law has permitted compounded rent increases that will total nearly 100% after ten years.

The bill also removes the exemption for single-family rental homes—an arbitrary loophole that currently leaves nearly two million renter households unprotected. Renters should not lose basic consumer protections simply because they live in a single-family rental unit. With this change, AB 1157 ensures that more Californians are covered under the law, regardless of the type of housing they rent.

AB 1157 makes the Tenant Protection Act permanent by removing the 2030 sunset. These protections are no less necessary in 2031 and beyond. The uncertainty created by a looming expiration date undermines long-term housing stability for nearly half of California's households who are renters. Making the law permanent now only affirms California's commitment to tenant protections and housing stability.

Critically, AB 1157 does all of this without requiring a single public dollar. We support efforts to both expand market supply of housing and continue the state's commitment to public investment in creating affordable, deed-restricted housing. Unfortunately, these solutions take time and may never provide relief to some households who are currently struggling to make the rent. The state must act now to stop the pipeline into homelessness by stabilizing rents today.

ARGUMENTS IN OPPOSITION: The California Apartment Association, the California Chamber of Commerce, and many other associations representing rental property oppose this bill for the following reasons:

First, opponents claim AB 1157 undermines the compromise that was reached in AB 1482, and as such represents both “bad policy and bad faith.”

Second, opponents argue the bill “defies the will of the voters,” who have repeatedly rejected rent control in state-wide ballot measures.

Third, opponents contend that removing the exemption for single-family homes “targets small rental housing providers and will reduce housing supply . . . Imposing rent control on [single-family homes] will push many owners to exit the market, converting rentals into owner-occupied homes and displacing tenants.”

Fourth, opponents argue that the bill “misses the root of the housing crisis,” which is in fact a product of the state’s “severe housing shortage.”

Fifth, opponents believe that this bill “will make financing rental housing more difficult,” because rent caps will deter private and institutional investment.

Sixth, opponents argue that this bill ignores studies that show that “rent control hurts the housing market.” They claim that “hundreds of studies have shown that rent control reduces housing availability, discourages new construction, and ultimately harms renters.”

In conclusion, the opponents write that “California faces a housing supply crisis—not a pricing crisis caused by rental housing providers. Policies like AB 1157 that penalize property owners

while ignoring the core issue of housing scarcity will only worsen our problems. This fact has been demonstrated by decades of research and supported by the voters over and over again.”

REGISTERED SUPPORT / OPPOSITION:

Support

AAPI Force
ACCE Action
ACLU California Action
ACT LA
Aids Healthcare Foundation
Alameda Labor Council
All Home
All of US or None (HQ)
Alliance San Diego
Amelia Ann Adams Whole Life Center
American Federation of State, County and Municipal Employees
Asian Americans Advancing Justice Southern California
Asian Pacific Environmental Network Action
Berkeley Rent Stabilization Board
Bet Tzedek Legal Services
Black Humboldt
Black Organizing Project
Black Women for Wellness Action Project
Black Women Organized for Political Action
California Black Power Network
California Center for Movement Legal Services
California Coalition for Rural Housing
California Democratic Renters Council
California Environmental Justice Alliance Action
California Faculty Association
California Federation of Labor Unions
California Federation of Teachers
California Green New Deal Coalition
California Healthy Nail Salon Collaborative
California Latinas for Reproductive Justice
California League of United Latin American Citizens
California LGBT Arts Alliance
California Native Vote Project
California School Employees Association
California State Council of Service Employees International Union (SEIU)
California Working Families Party
Californians for Disability Rights
CD11 Coalition for Human Rights
Center for Community Action and Environmental Justice
Center on Policy Initiatives
Central Coast Alliance United for a Sustainable Economy
Child Care Law Center

CHISPA
City of Oakland
Clue (clergy and Laity United for Economic Justice)
Coalition for Economic Survival
Coalition for Humane Immigrant Rights
Communities for a Better Environment
Communities United for Restorative Youth Justice
Community Health for Asian Americans
Community Legal Services of East Palo Alto
Congregations Organized for Prophetic Engagement
Contra Costa Senior Legal Services
Council of Community Housing Organizations
Courage California
Creating Justice LA
Debt Collective
Democrats of Pasadena Foothills
Dsa LA
East Bay for Everyone
East Bay Housing Organizations
El Concilio of San Mateo County
Empowering Pacific Islander Communities
End Poverty in California
Equal Rights Advocates
Esperanza Unión De Inquilinos Santa Ana California
Evolve California
Faith in Action Bay Area
Faith in the Valley
FIAEB
Filipino Advocates for Justice
Fresno Metro Black Chamber of Commerce
Friends Committee on Legislation of California
Glendale Tenants Union
Ground Works Consulting
Hmong Innovating Politics
Homes for All - California
Housing California
Housing Justice As Health Equity Collaborative
Housing Now!
Housing Rights Initiative
Human Impact Partners
Inland Congregations United for Change
Inland Empire Black Worker Center
Inland Equity Community Land Trusts
Inland Southern California United Way
Inner City Law Center
International Institute of Los Angeles
Kennedy Commission
LA Forward Institute
LA Voice

Latino Health Access
Law Foundation of Silicon Valley
Leadership Counsel for Justice and Accountability
Legal Aid of Sonoma County
Legal Aid Society of San Mateo County
Legal Services for Prisoners With Children
Liberty Hill Foundation
Long Beach Forward
Long Beach Residents Empowered
Los Angeles Alliance for a New Economy (LAANE)
Los Angeles Black Worker Center
Mar Vista Voice
Million Voters Project
Monterey County Renters United
National Alliance to End Homelessness
National Housing Law Project
New Life Christian Church
New Life Community Connection Development Corp.
Noho Home Alliance
Northern Santa Barbara County United Way
Oakland Tenants Union
Orange County Communities Organized for Responsible Development
Orange County Congregation Community Organization
Orange County Equality Coalition
Our Future Los Angeles
Pacifica Progressive Alliance and Alliance Members
Parable of the Sower Healing Center
Pasadena Tenant Union
Peninsula Solidarity Cohort
Pico California
Policy Link
Pomona Economic Opportunity Center
Power CA Action
Prevention Institute
Promotores De Salud De OC
Public Advocates
Public Counsel
Puente De LA Costa Sur
Race & Equity in All Planning Coalition (REP-SF)
Resilience OC
Rise Economy
Rising Juntos
Rubicon Programs
Ruchell Cique Magee Community Land Trust Riverside
RYSE
Sacramento Area Congregations Together
Sacred Heart Community Service
San Diego Organizing Project
San Francisco Anti-displacement Coalition

San Francisco Tenants Union
Santa Monicans for Renters' Rights
Scope
SDBWC
Silicon Valley De-bug
Social Justice Learning Institute
Soma Pilipinas
Sonoma County Tenants Union
Soul Force Project
South of Market Community Action Network (SOMCAN)
Starting Over Strong
Starting Over, INC.
Strategic Actions for a Just Economy
Tech Equity Action
Tenants Together
Tenants United Anaheim
Thai Community Development Center
The Big Tent San Leandro
The Community Action League
The Launchpad Collective
The Race & Equity in All Planning Coalition, San Francisco (REP-SF)
The Row LA - the Church Without Walls - Skid Row
Time for Change Foundation
Trust South LA
UAW Region 6
UDW/AFSCME Local 3930
Unite Here, Local 11
United Way Bay Area
United Way of Greater Los Angeles
United Ways of California
Urban Habitat
Urban Peace Movement
Victor Valley Family Resource Center
West Valley Community Services
Western Center on Law & Poverty
Working Partnerships
Youth Leadership Institute
Youth United for Community Action

Opposition

Apartment Association of Greater Los Angeles
Apartment Association of Orange County
Berkeley Property Owner's Association
Building Owners and Managers Association of California
Business and Housing Network
California Apartment Association
California Association of Mortgage Professionals
California Association of Relators

California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Mortgage Bankers Association
California Rental Housing Association
Commercial Real Estate Development Association, NAIOP of California
East Bay Leadership Council
East Bay Rental Housing Association
Institute of Real Estate Management
Marina Del Rey Lessees Association
National Rental Home Council
Nor Cal Rental Property Association
North Bay Leadership Council
North Valley Property Owners Association
San Diego Regional Chamber of Commerce
San Gabriel Valley Economic Partnership
Santa Barbara Rental Property Association
Small Property Owners of San Francisco Institute
South Bay Leadership Council
Southern California Rental Property Association
Valley Industry and Commerce Association

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